



Department of Revenue

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TIR 16-16: Massachusetts Exclusion Amounts for Employer-Provided Parking, Transit Pass and Commuter Highway Vehicle Benefits for Taxable Years Beginning in 2017

I. Introduction

This Technical Information Release ("TIR") explains the 2017 Massachusetts personal income tax exclusion amounts for employer-provided parking, transit pass and commuter highway vehicle benefits allowed to employees.

For taxable years beginning in 2017, the federal monthly exclusion amounts are \$255 for employer-provided parking and \$255 for transit pass and commuter highway vehicle benefits combined.^[1] The Massachusetts monthly exclusion amounts are \$255 for employer-provided parking and \$135 for combined transit pass and commuter highway vehicle transportation benefits, as further explained below.^[2] The Massachusetts exclusion amounts reflect an annual inflation adjustment but *do not* include the increase in the federal monthly exclusion amount for the combined transit pass and commuter highway vehicle transportation benefits that was signed into law on December 18, 2015.

II. Discussion

In general, for purposes of determining Massachusetts gross income, the Massachusetts personal income tax laws follow the provisions of the Internal Revenue Code ("IRC") as amended and in effect on January 1, 2005. Accordingly, Massachusetts follows IRC § 132(f) as amended and in effect on January 1, 2005, which excludes from an employee's gross income (subject to a monthly maximum) employer-provided parking, transit pass and commuter highway vehicle transportation benefits.^[3] IRC § 132(f)(6) provides for an inflation adjustment to those monthly maximums in the case of any taxable year beginning in a calendar year after 1999. Taking into account these inflation adjustments, the Massachusetts monthly exclusion amounts for taxable years beginning in 2017 are \$255 for employer-provided parking and \$135 for combined transit pass and commuter highway vehicle transportation benefits. The Massachusetts exclusion amount for combined transit pass and commuter highway vehicle transportation benefits does not include the increase in the federal exclusion amount for such benefits that was signed into law on December 18, 2015.^[4] Massachusetts does not follow this amendment, and will not follow any future amendments to IRC § 132(f), unless the Massachusetts Legislature acts to adopt such changes.

/s/Michael J. Heffernan

Michael J. Heffernan
Commissioner of Revenue

MJH:RHF:wem

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^[1] See IRS Revenue Procedure 2016-55.

^[2] Transit pass and commuter highway vehicle transportation benefits are combined for purposes of sharing the \$135 maximum monthly exclusion. For example, if an employee receives a \$100 monthly transit pass and a \$100 monthly commuter highway vehicle transportation benefit, the \$65 excess would be includable in the employee's wages for income and employment tax purposes.

^[3] Massachusetts does not adopt the federal qualified bicycle commuting reimbursement. See IRC 132(f)(1)(D), effective for tax years beginning after December 31, 2008 and added by the federal Energy Improvement and Extension Act of 2008 (P.L. 110-343).

^[4] See H.R. 2029 – 114th Congress (2015-2016): Consolidated Appropriations Act of 2016, Division Q, § 105.

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